GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3145
ANSWERED ON:07.12.2007
LOAN TO SUGAR MILLS
Masood Shri Rasheed

Will the Minister of FINANCE be pleased to state:

(a) whether Reserve Bank of India has formulated a policy regarding grant of loans to the sugar mills on easy instalments to bail out the sugar industry; and

(b) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) & (b) : The Government has created a buffer stock of 20 lakh tons of sugar for a period of one year with effect from May 01, 2007 involving a buffer subsidy of Rs. 378 crore out of Sugar Development Fund. On creation of buffer stock, banks provide additional credit to sugar mills as no margin money is kept in respect of buffer stock. Accordingly, Reserve Bank of India, vide its circular No. DBOD.BP.BC.No.20/ 08.07.06/2007-08 dated 11th July, 2007, has instructed all scheduled commercial banks for the release of margin money as additional credit to the concerned sugar mills, which is estimated to be Rs. 420 crore.